

## **Five Recession Solutions for Your 401(k)**

### Tips and Tricks for Successful Retirement Planning

Do you cringe every time you open your 401(k) statement? If you're feeling the temptation of pulling your money, you're not alone. But before you do so, you need to think strategically.

"A successful 401(k) is a tactical plan that takes time," says Jamie Kalamarides, senior vice president of Prudential Financial. "People are living longer, meaning that retirements are lasting longer -- sometimes 20 or 30 years. Smart people will invest in their 401(k) now for the long term so they have plenty of money accumulated when retirement time comes."

Because most people have some type of 401(k) offering at work, it's a great opportunity to take charge of your financial future. If your workplace offers any type of matching program, be sure to take advantage. Especially in this economy, don't leave free money on the table.

Here are some tips from the financial advisors at Prudential so you can position yourself for [401\(k\) success](#):

1) Resist the urge to stop contributing to your workplace-provided retirement plan.

Yes times are tough and money is tight. But an important driver of human behavior is "inertia." Once you're in the plan, you tend to stay in it, and once you leave it, it will be tough to restart. Do yourself a favor and stay the course and reap the benefits when the economy recovers.

2) Keep your focus on the long term.

Retirement plans are long-term vehicles, so keep your eyes on the prize: saving as much as possible for your future retirement and investing for the long-term. Do not try to time the markets' volatility because you are likely to miss out on upturns you can't predict.

3) Don't take a loan or a withdrawal.

While many workplace-sponsored retirement plans permit loans and withdrawals, they are almost always a bad idea, primarily because you are depleting your savings and you jeopardize your future financial health. Additionally, you might be subject to additional taxes and/or penalties. The best plan is to look elsewhere for immediate sources of emergency cash. You will thank yourself during your retirement years.

4) Take a deep breath and don't panic!

The financial markets are scary right now, which is exactly why you shouldn't panic. Most experts believe that the markets will recover, over time, and if you panic and sell the stocks or stock mutual funds in your retirement plan, you could well be selling at the low point of the market. Retirement plans are no place for hasty decisions -- either buying or selling, so try to stay calm.

5) Think about [retirement income](#) rather than a retirement nest egg.

Many people forget that the whole point of retirement savings is to create a stream of income to live on during retirement, when you will no longer receive a paycheck from your employer. So, take advantage of Web-based tools that let you project how much retirement income your eventual savings will generate. For many people, it is much less than they imagine, which could suggest two proven solutions: working longer or saving more. Not completely enticing, of course, but probably better than not having enough money to survive during your retirement.

"Staying the course and planning strategically is the best way to achieve 401(k) success," says Kalamarides. "Take a step back and look at the big picture. If you have questions, talk with a qualified [financial advisor](#)."

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